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16 UNITED STATES DISTRICT COURT
17 NORTHERN DISTRICT OF CALIFORNIA

18 SONUS NETWORKS, INC.,

19 Plaintiff,

20 v.

21 INVENTERGY, INC., and
22 INVENTERGY GLOBAL, INC.

23 Defendants.

Case No. 3-15-cv-00322-EMC

The Honorable Edward M. Chen

CLEAN VERSION

DEFENDANTS' MOTION TO DISMISS COUNTS
1 – 7 OF SONUS' SECOND AMENDED
COMPLAINT UNDER FRCP 12(B)(1) OR, IN THE
ALTERNATIVE, TO TRANSFER VENUE TO THE
DISTRICT OF MASSACHUSETTS, AND MOTION
TO DISMISS COUNTS 8 – 10 OF SONUS'
SECOND AMENDED COMPLAINT UNDER
FRCP 12(B)(6)

Date: July 23, 2015

Time: 1:30 p.m.

Location: Courtroom 5

SECOND Amended Complaint Filed:
May 15, 2015

1 NOTICE IS HEREBY GIVEN that on July 23, 2015 at 1:30 p.m., or as soon thereafter as
2 the matter may be heard, in Courtroom 5 of the above-referenced Court, Defendants Inventergy,
3 Inc. and Inventergy Global, Inc. (collectively referred to as “Inventergy”) will move for an order
4 dismissing Declaratory Judgment Counts 1 – 7 filed by Sonus Networks, Inc. (“Sonus”) for lack
5 of subject matter jurisdiction, or in the alternative, to transfer those counts to the District of
6 Massachusetts, and for an order dismissing Counts 8 – 10 of Sonus’ Second Amended complaint
7 because Sonus has failed to state a claim upon which relief can be granted. This motion is based
8 on this instant motion, the memorandum of points and authorities in support thereof, and the
9 Declarations of Wayne Sobon and Joseph Beyers attached hereto.

10 Dated: May 29, 2015

Respectfully submitted,

11 Novak Druce Connolly Bove + Quigg LLP
12

13 By: /s/Chris L. Holm

14 Chris L. Holm

15 Attorneys for Defendants Inventergy, Inc.,
16 and Inventergy, Global, Inc.
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MEMORANDUM OF POINTS AND AUTHORITIES

Counts 1 through 7 of Plaintiff's Second Amended Complaint fail to meet the most fundamental requirement in Federal Court: a justiciable case or controversy. Article III of the United States Constitution and the Declaratory Judgment Act, 28 U.S.C. § 2201(a) require a real, substantial, and immediate controversy between parties, not merely a hypothetical dispute based on licensing negotiations without the threat of litigation. When Sonus filed its initial Declaratory Judgment action on January 26, 2015, no such controversy existed. As such, the Court does not have subject matter jurisdiction over this matter under the Declaratory Judgment Act, and the case must be dismissed. Even if subject matter jurisdiction exists, the Court should nevertheless use its discretion and dismiss Counts 1 - 7, because Sonus has improperly used the Declaratory Judgment Act hoping for a tactical advantage.

Moreover, Sonus' Counts 8 – 10 fail to state a claim for which relief can be granted for unfair competition under California Business and Professions Code § 17200 (Count 8), civil RICO (Count 9), and breach of contract (Count 10). The *Noerr-Pennington* doctrine requires Sonus' civil RICO and unfair competition claims be dismissed with prejudice. Both are based on pre-suit negotiations, and the entirety of those negotiations between the parties are protected under the 1st Amendment and cannot constitute grounds for either civil RICO or unfair competition. Even further, Sonus has failed to properly plead alleged predicate acts for civil RICO with any particularity. Moreover, Sonus' claim for breach of contract also fails because Sonus has not alleged that what Inventergy offered to Sonus during licensing negotiations even violated any reasonable and non-discriminatory ("RAND") licensing obligations that Inventergy has to any of its standards essential patents ("SEPs"), which in any event only comprise a portion of the patents offered to Sonus during negotiations.

In the alternative, if the Court finds that it does in fact have subject matter jurisdiction and decides not to exercise its discretion, the Northern District of California is an inconvenient forum under 28 U.S.C. § 1404. Inventergy has a pending case in the District of Massachusetts against Sonus for patent infringement of the same patents-in-suit as in this proceeding, filed only after

1 Sonus preemptively filed the original complaint, but before it added the allegations of Claims 8-
2 10. When the Court considers the private and public factors, the instant case should be
3 transferred to the District of Massachusetts if it is not dismissed.¹

4 **I. INTRODUCTION**

5 Inventergy specializes in helping protect a company's intellectual property, allowing them
6 to continue their primary goal, creating new innovative products and services. Inventergy's
7 business model focuses on cultivating strategic relationships with key developers of core
8 technologies to help obtain fair compensation for their important contributions. Inventergy
9 identifies, acquires, and licenses patent portfolios from those developers to help recoup at least
10 some of the R&D investment, and help it reinvest into new technologies. Since its founding in
11 2013, Inventergy has emphasized that its business model focuses on having collaborative
12 licensing conversations with the users of important, innovative, protected technology and to avoid
13 litigation of disputes as much as possible.

14 The patents-in-suit derive from two global telecommunications companies (Huawei
15 Technologies, Co., Ltd. and Nokia Corporation), who developed technology in the field of
16 Internet Protocol ("IP") Multimedia Core Network Subsystems ("IMS") and the field of Voice-
17 Over-Internet-Protocol ("VOIP"). IMS and VOIP technologies, in significant part pioneered by
18 Huawei and Nokia, are deployed in more than one hundred countries and are used by most of the
19 world's largest telecommunications operators. IMS and VOIP technologies are related and/or
20 complimentary to numerous industry standards. The patents-in-suit, U.S. Patent Nos. 8,335,487
21 ("the '487 patent"); 7,925,762 ("the '762 patent"); 7,835,352 ("the '352 patent"); 8,185,105 ("the
22 '105 patent"); 6,801,542 ("the '542 patent"); 7,583,612 ("the '612 patent") and 6,904,035 ("the
23 '035 patent") (collectively the "patents-in-suit") are just a few of the patents in the Inventergy
24 portfolio related to IMS and VOIP technologies ("IMS/VoIP Portfolio"), which comprises some
25

26
27 ¹ Because claims 1-7 fail for declaratory judgment jurisdiction, even if the Court finds that claims 8-10 still stand,
28 they should be dismissed in favor of the now prior-filed suit in Massachusetts.

1 250 worldwide patents and patent applications. Inventergy acquired the patents-in-suit from
2 Huawei and Nokia and now holds all relevant right, title, and interest in them (Sobon Dec. at ¶ 4).

3 Sonus makes and sells equipment that provides IMS and/or VOIP-related services,
4 including session border controllers (“SBCs”), access gateways, converged gateways, and
5 application servers. Those Sonus products benefited from the R&D efforts of the original
6 developers of the patented technology. Sonus boasts that by using its products, “the world’s
7 leading service providers and enterprises can embrace the next generation of SIP and 4G/LTE
8 solutions including VoIP, video, instant messaging and online collaboration”
9 (<http://www.sonus.net/en>). Sonus products and services directly implement IMS technology.

10 In July of 2013, Inventergy requested an in-person meeting with Sonus to discuss a
11 possible license to its IMS and VOIP patent portfolio (Sobon Dec. at ¶ 5). The first of three in-
12 person meetings at the Sonus headquarters in Westford, Massachusetts occurred on August 5,
13 2013 (Sobon Dec. at ¶ 6). Mr. Joseph Beyers, CEO of Inventergy, and Mr. Wayne Sobon
14 attended that meeting, during which Inventergy presented its acquired Huawei IMS/VOIP patent
15 portfolio, discussed its business model of engaging in productive, collaborative conversations
16 with potential licensees such as Sonus, and indicated its sincere desire to find a mutually
17 beneficial business arrangement (Sobon Dec. at ¶ 6). During this discussion, Inventergy never
18 indicated it would file suit against Sonus, instead emphasizing its sincere goal to engage in good-
19 faith negotiations (Sobon Dec. at ¶ 6).

20 Shortly thereafter, on August 21, 2013, Inventergy participated in an online meeting to
21 provide further information to Sonus (Sobon Dec. at ¶ 7). In arranging this meeting, Inventergy
22 confirmed with Sonus that the discussions would be conducted under confidentiality (Sobon Dec.
23 at ¶ 7). During this meeting, Inventergy identified certain Inventeryg IMS/VOIP patents that
24 covered technologies potentially relevant to certain of Sonus’ products (Sobon Dec. at ¶ 7).
25 Inventergy presented, and also later provided Sonus a copy, a slide deck that contained a brief
26 overview of certain Inventergy IMS/VOIP patents (Sobon Dec. at ¶ 7). Of note, the slide deck
27 was labeled “Confidential” and a lower disclaimer indicated: “brief overviews provided for
28 general discussion purposes only” (Sobon Dec. at ¶ 7). During this meeting, Inventergy reiterated

1 its desire to find a mutually beneficial business resolution and at no point indicated any intention
2 or otherwise referenced filing suit against Sonus (Sobon Dec. at ¶ 7). The parties again had
3 another online meeting on October 23, 2013, similar to the August 21, 2013 meeting (Sobon Dec.
4 at ¶ 7). During this meeting, Sonus also presented material it marked confidential (Sobon Dec. at
5 ¶ 7).

6 On November 26, 2013, Sonus and Inventergy continued the discussions of a potential
7 license to Inventergy's IMS/VOIP patents in another online meeting (Sobon Dec. at ¶ 8). At this
8 meeting, Inventergy presented, and later provided copies, to Sonus materials that identified
9 certain patents that had been submitted to and incorporated by certain standard setting
10 organizations and claim charts for several Inventergy IMS/VOIP patents, including three of the
11 patents-in-suit, again all labeled Confidential (Sobon Dec. at ¶ 8). Inventergy also addressed
12 positions taken by Sonus during the October 23, 2013 meeting (Sobon Dec. at ¶ 8). Throughout
13 these discussions, Inventergy expressed its desire to continue to engage in good-faith business
14 discussions to negotiate a resolution, and again made no indication about filing suit, and neither
15 party suggested any impasse to discussions (Sobon Dec. at ¶ 8).

16 On February 18, 2014, Inventergy had the second of three in-person meetings with Sonus
17 in Westford, Massachusetts, including three principals of Inventergy, Joseph Beyers, Wayne
18 Sobon and Anna Johns, who had just joined Inventergy to help its licensing program (Sobon Dec.
19 at ¶ 9). All three Inventergy principals came to Sonus' Westford headquarters (in a snowstorm)
20 (Sobon Dec. at ¶ 9). Licensing negotiations continued during this meeting, including a proposed
21 licensing arrangement to the entire IMS/VOIP portfolio, but no agreement was reached. Despite
22 not reaching agreement, Inventergy made no threat of litigation and instead both parties reiterated
23 the desire to continue the business negotiations (Sobon Dec. at ¶ 9). During the meeting,
24 Inventergy and Sonus agreed that the next step in the process was for Inventergy to send a draft
25 license agreement along the lines that had been outlined (Sobon Dec. at ¶ 9). Thereafter, at the
26 end of April 2014, Inventergy sent Sonus a proposed license agreement (Sobon Dec. at ¶ 9).

27 On May 26, 2014, Inventergy reached out to Sonus indicating that it had just signed an
28 agreement to acquire additional assets (the Nokia patents) relevant to Sonus' products (Sobon

1 Dec. at ¶ 10). Because the terms of the agreement restricted disclosure of the acquisition unless a
2 formal written NDA was in place, Inventergy requested that Sonus sign a Non-Disclosure
3 Agreement (“NDA”) to formalize the confidentiality under which the discussions had been
4 proceeding (Sobon Dec. at ¶ 10).

5 On June 18, 2014, after Inventergy formally acquired the additional Nokia IMS/VoIP
6 patents, Inventergy notified Sonus, including an identification of patents that had been declared to
7 the European Telecommunications Standards Institute (“ETSI”). Inventergy also inquired as to
8 whether Sonus was available to continue the agreed licensing discussions (Sobon Dec. at ¶ 11).

9 On August 7, 2014, Inventergy met with Sonus for the third in-person meeting at Sonus’
10 Westford, Massachusetts facility (Sobon Dec. at ¶ 12). At the beginning of that meeting, Sonus
11 signed the NDA, which specified that: “Without limiting the foregoing, Recipient [Sonus] shall
12 not use Discloser’s [Inventergy] Confidential Information in connection with any litigation or
13 administrative action initiated by Recipient against Discloser” (Sobon Dec. at ¶ 12). At the
14 meeting, Inventergy walked Sonus through (and subsequently transmitted) a set of claim charts to
15 relevant Inventergy IMS/VOIP patents, subject to the NDA (Sobon Dec. at ¶ 12). Both Sonus
16 General Counsel Jeff Snider and Inventergy General Counsel Wayne Sobon agreed it would be
17 useful to continue talking about potential business arrangements (Sobon Dec. at ¶ 12). In
18 particular, Mr. Sobon reiterated a suggestion originally made by Mr. Snider that there might be
19 alternative approaches, including licensing only a portion of the IMS portfolio relevant to Sonus’
20 business, and Mr. Sobon and Mr. Snider agreed to further consider such alternative licensing
21 structures (Sobon Dec. at ¶ 12).

22 In December of 2014, Mr. Beyers engaged in a series of at least three separate discussions
23 with Sonus, all concerning potential business deals, payment strategies and amounts (Beyers Dec.
24 at ¶ 2). On January 10, 2015, having not heard from Mr. Snider for an extended period of time,
25 Mr. Beyers sent an email that further related certain of Sonus’ products against certain Inventergy
26 IMS/VOIP patents (Sobon Dec. at ¶ 14). The January 10, 2015 email communication was
27 marked as not subject to the Inventergy-Sonus NDA (Sobon Dec. at ¶ 14). The parties traded
28 emails afterwards, including Mr. Snider stating on January 16th that he wanted to find time to

1 continue discussions, indicating that he had “asked [his] CFO, Mark Greenquist, to join us on the
2 call, in the hopes that we can be successful with his involvement” (Sobon Dec. at ¶ 14). On
3 January 20th, Mr. Snider agreed to set up a telephone conference with him and Mr. Greenquist
4 and the Inventergy team the following day, January 21, 2015 (Sobon Dec. at ¶ 14).

5 During the January 21, 2015 call, although Inventergy and Sonus had not agreed on any
6 final value, the parties agreed that they were making progress in the negotiations (Beyers Dec. at
7 ¶ 4). Responding to an inquiry from Sonus, Mr. Byers initially suggested it was important to
8 agree to a resolution within two weeks to ensure that Inventergy was in a position to provide
9 some of the benefits previously discussed, including treating Sonus as a first licensee for an
10 overall deal to the entire IMS/VoIP portfolio ²(Beyers Dec. at ¶ 4). Mr. Snider responded that
11 while he was committed to continuing discussions with Inventergy, at the time Sonus was focused
12 on an upcoming deadline to file its annual report with the SEC and its February 19, 2015
13 shareholder meeting (Beyers Dec. at ¶ 4). Mr. Snider stated that, therefore Sonus would be
14 unable to finalize a deal before February 19th (Beyers Dec. at ¶ 4). In response, Mr. Beyers
15 accommodated Sonus’ concern, stating that it would be satisfactory if in the next two weeks,
16 Sonus could confirm its good-faith intent to continue to negotiate and close a business deal with
17 Inventergy after February 19, 2015 (Beyers Dec. at ¶ 4). Mr. Snider assured Mr. Beyers that
18 Sonus would continue to engage in further good faith negotiations, but in order to avoid any
19 issues of disrupting their final annual reporting processes, Mr. Snider repeated that he did not
20 believe a final deal could be negotiated until after February 19, 2015 (Beyers Dec. at ¶ 4). Mr.
21 Beyers reiterated Inventergy’s interest in working in good faith to arrive at a business deal and
22 willingness to cooperate with Sonus to address its timing concern as the parties worked toward
23 resolution and attempt to reserve Sonus’ first-licensee status if possible (Beyers Dec. at ¶ 4).
24 Sonus in turn stated it was good for Mr. Greenquist to have attended and met with the Inventergy
25 team, that it had been a useful conversation, and agreed that, in the meantime, it would consider

26
27 ² Indeed, Inventergy later signed a \$2 million license to Inventergy’s overall IMS/VoIP portfolio with a competitor
28 of Sonus, after Sonus’ initial complaint, in February 2015.

1 Inventergy's latest position and would provide its response at a later time (*Id.*). At no point
2 during these discussions did anyone from Inventergy indicate that it had any intentions of filing a
3 lawsuit against Sonus, and importantly it was evident that no impasse had been reached (*Id.*).

4 Two days later, and despite Sonus' verbal assurances and Inventergy's unconditional
5 commitment to continue to engage in good-faith negotiations after Sonus' shareholder meeting,
6 Sonus filed this declaratory judgment action on Friday, January 23, 2015 in the Northern District
7 of California, seeking declaratory relief of non-infringement of the patents-in-suit. That same
8 morning, Mr. Snider called Mr. Beyers to inform him that Sonus had filed its Declaratory
9 Judgment Complaint. Mr. Snider apologized to Mr. Beyers, stating "before you get angry" "let
10 me tell you what we have done and why" and explained that Sonus filed the action because it felt
11 it would not be able to continue with discussions until after February 19, and "needed to preserve
12 their rights" (Beyers Dec. at ¶ 5). Despite its actions, Mr. Snider indicated that Sonus still wanted
13 to continue business discussions (Beyers Dec. at ¶ 5).

14 On the following Monday, January 26, 2015, given that Sonus had now intemperately
15 filed its lawsuit against Inventergy, Inventergy filed a complaint for patent infringement of the
16 patents-in-suit in the District of Massachusetts (15-cv-10207-MLW). Inventergy served its
17 complaint upon Sonus the same day. Sonus then served its complaint upon Inventergy on
18 Tuesday, January 27, 2015. On February 17, 2015, Inventergy filed its initial Motion to Dismiss
19 Counts 1 – 7 of Sonus' complaint [Dkt. No. 13] and briefing on this motion was complete as of
20 March 10, 2015 when Inventergy filed its reply to Sonus' opposition to Inventergy's Motion to
21 Dismiss [Dkt No. 28]. However, also on March 10, 2015, and without notifying Inventergy,
22 Sonus filed its Amended Complaint [Dkt. No. 26], re-alleging non-infringement in Counts 1-7,
23 and alleging additional Counts 8 – 10 for civil RICO, unfair competition under California
24 Business and Professions Code § 17200, and for breach of contract. Inventergy filed its Motion to
25 Dismiss Sonus' Amended Complaint on March 24, 2015 [Dkt. No. 34], along with a Motion to
26 Strike Sonus' unfair competition claim [Dkt. No. 35] under California's anti-SLAPP statute.
27 Sonus' filed its opposition to Inventergy's motions on April 7, 2015 [Dkt. Nos. 38 and 39], along
28 with a Motion for Leave to file its Second Amended Complaint [Dkt. No. 40]. On April 13,

1 2015, the Court took Inventergy's Motion to Dismiss and Motion to Strike Sonus' Amended
2 Complaint off calendar pending resolution of Sonus' Motion for Leave to File Second Amended
3 Complaint [Dkt. No. 44]. On April 21, Inventergy filed its opposition to Sonus' Motion for
4 Leave [Dkt. No. 46], and on April 28, Sonus filed its reply to Inventergy's opposition [Dkt. No.
5 48]. On May 11, 2015, the Court granted Sonus' Motion for Leave to File Second Amended
6 Complaint [Dkt. No. 52], and on May 15, 2015, Sonus filed its Second Amended Complaint.

7 Contrary to allegations contained in Sonus' Second Amended Complaint (*see e.g.*, Second
8 Amended Complaint ¶¶ 7, 30, 73), Inventergy never stated to Sonus that there would be an "IP
9 bloodbath" or that Inventergy would say "some nasty things" about Sonus during any litigation
10 between the parties (Beyers Dec. at ¶ 6). Further, Inventergy never made any misrepresentations
11 to Sonus regarding any of the patents-in-suit, or other patents within any of Inventergy's portfolio
12 (Beyers Dec. at ¶ 9). At all times, Inventergy has had a good-faith belief that the Inventergy
13 portfolio is relevant to Sonus' business, and presented its position to Sonus via the negotiations
14 and discussion described *supra* (Sobon Dec. at ¶ 16). Further, during Inventergy's negotiations
15 with Sonus, the parties had discussions about exemplary royalty rates that have been negotiated
16 and accepted in the industry. And in these discussions, Inventergy proposed a royalty payment
17 that was much less than between \$24 million and \$97 million (Compare Second Amended
18 Complaint at ¶ 66 to Beyers Dec. at ¶ 8). During the negotiations, Sonus never indicated that the
19 licensing fees being discussed did not comply with RAND obligations that Inventergy might have
20 (Beyers Dec. at ¶ 8). Further, Inventergy identified that a license for just a set of patents in the
21 Inventergy portfolio, including potentially just SEPs relevant to the Sonus business, could be
22 negotiated for a smaller rate than the entire Inventergy portfolio. (Beyers Dec. at ¶ 10).

23 Because there was no imminent threat of litigation when Sonus filed its Declaratory
24 Judgment action, particularly in view of the commitment given by Inventergy during the January
25 21, 2015 meeting two days before Sonus filed its first complaint, *i.e.*, the mutual agreement to
26 continue discussions, and that during the course of contact between the parties there was never an
27 imminent threat of litigation and only licensing negotiations, the Court lacks subject matter
28 jurisdiction over Counts 1 – 7, and these Counts should be dismissed. Moreover, the *Noerr-*

1 *Pennington* doctrine requires that Sonus' claims for civil RICO and unfair competition (Counts 8
2 – 9) be dismissed with prejudice. Even further, Sonus has failed to properly plead the alleged
3 predicate acts for civil RICO with any particularity. Finally, Sonus' claim for breach of contract
4 fails because Sonus has not alleged that what was offered by Inventergy to Sonus during licensing
5 negotiations even violated any RAND licensing obligations that Inventergy has to its SEPs which,
6 in any case, comprise only a portion of the patents offered to Sonus.

7 **II. PLAINTIFF CANNOT SHOW A REAL, SUBSTANTIAL, AND**
8 **IMMEDIATE DISPUTE BETWEEN THE PARTIES AND THEREFORE**
9 **CANNOT ESTABLISH SUBJECT MATTER JURISDICTION**

10 When Sonus filed its initial Declaratory Judgment action, it had no basis to contend that
11 Inventergy might immediately sue them for patent infringement. Article III of the Constitution
12 and the Declaratory Judgment Act do not permit Federal Courts to exercise jurisdiction over
13 hypothetical facts. Under *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118 (2007), and the
14 Federal Circuit's case law interpreting *MedImmune*, a declaratory judgment action requires a real,
15 substantial, and immediate case or controversy. There was no such immediate case or
16 controversy here.

17 **A. Relevant Law Holds There Was No Actual Controversy Such That A**
18 **Declaratory Judgment Action Could be Filed**

19 In *MedImmune*, the Supreme Court explained that an Article III case or controversy must
20 be "definite and concrete, touching the legal relations of parties having adverse legal interests"
21 and be "real and substantial and admit of specific relief through a decree of a conclusive
22 character, as distinguished from an opinion advising what the law would be upon a hypothetical
23 state of facts." *Id.* at 127. Thus "all the circumstances" must demonstrate "a substantial
24 controversy, between parties having adverse legal interests, of sufficient immediacy and reality to
25 warrant the issuance of a declaratory judgment."

26 The conduct of both parties is relevant in evaluating all the circumstances. The conduct of
27 the declaratory judgment plaintiff must create a real, immediate, and substantial potential for
28 infringement, and the conduct of the patentee must create a real, immediate, and substantial
potential for a claim of infringement against the declaratory judgment plaintiff. Without such
activity by both parties, there is only a hypothetical, potential, and indefinite dispute, not a real,

1 immediate, and substantial controversy between parties. *See Prasco, LLC v. Medicis Pharm.*
2 *Corp.*, 537 F. 3d 1329, 1339 (Fed. Cir. 2008) (*MedImmune* “did not change the bedrock rule that
3 a case or controversy must be based on a real and immediate injury or threat of future injury that
4 is caused by the [declaratory judgment] defendants”); *Cat Tech LLC v. Tubemaster, Inc.*, 528 F.
5 3d 871, 880 (Fed. Cir. 2008) (test for justiciability “looks to the [declaratory judgment] plaintiff’s
6 conduct and ensures that the controversy is sufficiently real and substantial.”)

7 Prior to *MedImmune*, courts looked to a “reasonable apprehension test.” That is no longer
8 the test, and following *MedImmune*, the Federal Circuit has held that subject matter jurisdiction
9 requires at least (1) an affirmative act by the patentee directed toward the declaratory judgment
10 plaintiff AND (2) current activity by the declaratory judgment plaintiff that could constitute
11 infringement or significant, concrete steps toward conducting infringing activity. *Innovative*
12 *Therapies, Inc. v. Kinetic Concepts, Inc.*, 599 F. 3d 1377, 1382 (Fed Cir. 2010); *Prasco, LLC v.*
13 *Medicis Pharm. Corp.*, 537 F. 3d 1329, 1335 n. 4 (Fed. Cir 2008). The declaratory judgment
14 plaintiff bears the burden of proving the existence of a justiciable controversy at the time they
15 initiated the lawsuit. *Innovative Therapies*, 599 F. 3d at 1382-84.

16 **B. There Simply was not an Actual Controversy and Sonus Lulled
17 Inventergy into a False Sense of Security**

18 Sonus cannot meet its burden in proving that there was a sufficient affirmative act by
19 Inventergy toward Sonus creating the necessary imminent threat of litigation. A ripe declaratory
20 judgment claim does not arise simply because a party perceives there to be a risk of patent
21 infringement ‘without some affirmative act by the patentee.’ *SanDisk v. STMicroElectronics,*
22 *Inc.*, 480 F. 3d 1372, 1381 (Fed. Cir. 2007). “[A]llegations alone are insufficient to meet the
23 complainant’s burden to establish jurisdiction.” *3M Co. v. Avery Denison Corp.*, 673 F. 3d 1372,
24 1378 (Fed. Cir. 2012). Further, and contrary to the implication by Sonus, an infringement case
25 filed by Inventergy against another party a half-year earlier (*see* Second Amended Complaint at ¶
26 23), does not create a real and immediate controversy between Inventergy and Sonus. As the
27 facts above indicate, the plain actions of Inventergy and Sonus at all times indicated that the
28 parties were involved solely in licensing negotiations. At the time Sonus filed this declaratory
judgment action, Inventergy had committed itself to engage in good-faith negotiations and even

1 postpone such discussions until after February 19, 2015, at Sonus' request. Further, the claim
2 charts provided to Sonus by Inventergy were confidential, which the formalized NDA prohibited
3 Sonus from using to support a later-filed declaratory judgment action, and such claim charts were
4 presented to further the mutual discussions (Sobon Dec. at ¶¶ 10, 12).

5 **1. Inventergy's January 10, 2015 email did not create an actual**
6 **controversy sufficient to establish declaratory judgment**
7 **jurisdiction.**

8 Any argument that the January 10, 2015 email established an actual controversy sufficient
9 to fall within the Declaratory Judgment Act must fail, and for that reason the Court has no subject
10 matter jurisdiction. The fact that the parties participated in a substantive negotiation on January
11 21, well after the January 10, 2015 email (along with their interchanges between January 10 and
12 January 21) establishes that no actual controversy existed at the time Sonus filed this DJ action,
13 by Sonus' own (albeit broken) words, promises and actions. During that January 21 meeting,
14 Sonus assured Inventergy that they would not do anything to upset the finalizing of a deal
15 between the parties and that the only reason they could not continue with the negotiations and
16 finalize a deal then was because of their upcoming SEC annual report and shareholder meeting. In
17 response to the introduction of this timing issue, Inventergy agreed that it was committed to
18 continuing the parties' good-faith negotiations, including accommodating Sonus' timing request.
19 The negotiations had not broken down, and both parties expressed their mutual interest and hope
20 that they could reach a negotiated agreement. Through its action, Sonus lulled Inventergy into a
21 false sense of security, apparently with the intention of quickly filing this DJ action against
22 Inventergy, which it did only two days later. Sonus' unilateral decision to renege on its promise
23 to continue to negotiate in good faith should not create the actual controversy necessary to attach
24 declaratory judgment jurisdiction. "Certainly a party should not be permitted to itself initiate
25 negotiations and use them to lull its prospective opponent into delaying suit so that it can strike
26 the first blow itself." *Russell Corp. v. Sara Lee Corp.*, 129 F. Supp. 2d 1165, 1169 (N.D. Ill.
27 2001) (finding that such a factor is a reason for granting a motion to dismiss a declaratory
28 judgment action for lack of subject matter jurisdiction). This is exactly what happened here and
Sonus should not be rewarded for its apparent deceitful behavior.

D. Even if the Court Finds that there is an Actual Case or Controversy, it should Exercise its Discretion and Decline to Enter a Declaratory Judgment

Assuming, *arguendo*, that the Court finds that there is an actual case or controversy under 28 U.S.C. § 2201, the Court should exercise its discretion and decline to enter a declaratory judgment action based upon the actions of Sonus leading up to the filing of its complaint, and its later actions. The facts of this case are strikingly similar to those of *EMC Corp. v. Norand Corp.*, 89 F. 3d 807 (Fed. Cir. 1996) *overruled in part on other grounds*, *MedImmune v. Genentech*, 549 U.S. 118 (2007), in which the Court exercised its discretion in declining to enter a declaratory judgment action, even though the Court found there was an actual case or controversy.

Moreover, although *EMC* was decided pre-*MedImmune*, there has been no change to the plain language of the Declaratory Judgment Act, which states that a Court “may” declare the rights and other legal relations of any interested party seeking such declaration. *See* 28 U.S.C. § 2201. Still further, post-*MedImmune* case law from the Federal Circuit still supports the District Court’s ability to decline jurisdiction, even if there is an actual case or controversy. *See, e.g. Micron Technology, Inc. v. Mosaid Technologies, Inc.*, 518 F. 3d 897, 903 (Fed. Cir. 2008).

In *EMC*, Norand requested that *EMC* engage in three meetings to discuss *EMC* potentially licensing Norand’s patents. *Id.* at 809. The parties met, and agreed that the meetings would not be used as a basis for a declaratory judgment action. *Id.* There was a dispute amongst the parties regarding whether explicit claims of infringement were ever made, or whether Norand ever threatened suit. *Id.* Norand subsequently sent a letter to *EMC* officials confirming plans for a fourth meeting and assuring *EMC* that it would call later in the week to arrange a time for the meeting. *Id.* Two days later, however, *EMC* filed its declaratory judgment action. *Id.* A telephone message left by an *EMC* attorney on the day after the filing indicated that *EMC* had taken the step because its management “thought it was in their interest to protect themselves first and continue discussions.” *Id.* The parties held two further meetings while the action was pending and scheduled a third meeting, but that meeting was later canceled. *Id.*

Norand moved to dismiss for lack of subject matter jurisdiction. In exercising its discretion to dismiss, the District Court held the filing of a declaratory judgment action may place

1 the plaintiff in a more favorable bargaining position with the defendant and would force the
2 “defendant to consider whether as a practical matter it would be better to avoid litigation costs
3 and any risk of adverse rulings that might render their patents less valuable” and “the mere
4 pendency of the lawsuit may negatively affect the value of the defendant's patents in that market
5 and the price any potential purchaser, either the plaintiff or another prospective purchaser, might
6 be willing to pay.” *Id.* at 810. “The court therefore determined that to exercise its discretionary
7 jurisdiction in this case would create an incentive structure that is inconsistent with the public
8 interest in preserving declaratory proceedings for cases closer to the central objectives of
9 declaratory proceedings.” *Id.*

10 While the Federal Circuit found that even though there was an actual case or controversy
11 under the Declaratory Judgment Act, “simply because there is an actual controversy between the
12 parties does not mean that the district court is required to exercise that jurisdiction. The Act
13 states that a court *may* grant declaratory relief.” *Id.* at 813.

14 While a court may conclude that ongoing negotiations do not negate the presence
15 of a controversy for jurisdictional purposes, the court may nonetheless find, in
16 deciding whether to hear the declaratory judgment action, that the need for judicial
17 relief is not as compelling as in cases in which there is no real prospect of a non-
judicial resolution of the dispute. *Id.* at 814.

18 The day after the complaint was filed, *EMC's* senior intellectual property counsel
19 called Norand's outside patent counsel and explained that the declaratory judgment
20 complaint had been filed as merely a defensive step and that *EMC* “would like to
continue to discuss with you all the options hopefully in a more meaningful
manner over the near term.” *Id.* at 815 (emphasis added).

21 Similar to *EMC*, even if an actual case or controversy exists, the Court should exercise its
22 discretion and decline to enter a declaratory judgment action. In the case-at-hand, the parties
23 engaged in numerous discussions before Sonus filed its DJ action. During the last pre-suit
24 meeting, Inventergy and Sonus assured one another that they had interest in working in good faith
25 to come to a business resolution, and Inventergy agreed to postpone substantive discussions at
26 Sonus' request. Moreover, despite filing of the complaint, Sonus stated that they were only filing
27 their complaint to preserve “their rights” until they had filed their Annual Report and held their
28 shareholder meeting, and that they would continue negotiations. Sonus was even apologetic in its

1 conversations with Inventergy after informing Inventergy that they had filed the action (Beyers
2 Dec. at ¶ 5).

3 In declining to exercise its discretion, the *EMC* court noted that it would be unfair to grant
4 DJ jurisdiction when a party clearly lulled the other party into a false sense of security in order to
5 gain a tactical advantage. *EMC*, 89 F. 3d at 807. As in *EMC*, it is apparent that Sonus filed the
6 suit with the intent to gain a tactical advantage by forcing Inventergy to “consider whether as a
7 practical matter it would be better to avoid litigation costs and any risk of adverse rulings that
8 might render their patents less valuable.” *EMC*, 89 F. 3d at 807. Specifically, Mr. Snider
9 threatened that if the litigation between the parties goes forward, Sonus would damage
10 Inventergy’s patent portfolio and in its ability to license it (Beyers Dec. at ¶ 5). Because the facts
11 show that Sonus filed the DJ complaint to put them in a better negotiating position as the parties
12 continue to attempt to negotiate a business deal, the Court should decline to enter a declaratory
13 judgment action as to Counts 1 – 7 because the circumstances surrounding and immediately
14 following the filing of the complaint support this decision.

15 **III. SONUS FAILS TO STATE A CLAIM UPON WHICH RELIEF**
16 **CAN BE GRANTED FOR ITS COUNTS OF CIVIL RICO AND**
17 **UNFAIR COMPETITION UNDER CALIFORNIA BUSINESS**
AND PROFESSIONS CODE § 17200

18 A motion to dismiss under Federal Rule of Civil Procedure Rule 12(b)(6) tests the legal
19 sufficiency of the complaint. “While a complaint attacked by a Rule 12(b)(6) motion to dismiss
20 does not need detailed factual allegations, a plaintiff’s obligation to provide the ‘grounds’ of his
21 ‘entitlement to relief’ requires more than labels and conclusions, and a formulaic recitation of the
22 elements of a cause of action will not do.” *In re Graphics Processing Units Antitrust Lit.*, 527 F.
23 Supp. 2d 1011, 1018 (N.D. Cal. 2007). “All allegations of material fact [in the complaint] are
24 taken as true and construed in the light most favorable to plaintiff. However, conclusory
25 allegations of law and unwarranted inferences are insufficient to defeat a motion to dismiss for
26 failure to state a claim.” *Id.*

27 To be explained in further detail below, all of Inventergy’s pre-suit communications with
28 Sonus are protected speech under the *Noerr-Pennington* doctrine because Inventergy was merely

1 engaged in lawful patent licensing negotiations with Sonus regarding valid and enforceable
2 patents that Inventergy had a good-faith basis for believing Sonus needed a license. The *Noerr-*
3 *Pennington* doctrine, as interpreted by both the Supreme Court and the Federal Circuit, protects
4 such pre-suit patent licensing negotiations under the First Amendment. As the entirety of Sonus’
5 civil RICO and unfair competition claims stem from those protected pre-suit licensing
6 communications between Inventergy and Sonus and because these communications do not fall
7 under the “sham” litigation exception to the *Noerr-Pennington* doctrine, Sonus’ claims for civil
8 RICO and unfair competition must be dismissed with prejudice.

9 **A. The Accused Conduct Alleged to Form the Basis for the Civil RICO**
10 **and Unfair Business Practices Claims are Immune from Liability**
11 **under Noerr-Pennington**

12 The *Noerr-Pennington* doctrine derives from the First Amendment’s guarantee of “the
13 right of the people ... to petition the Government for a redress of grievances.” *E.R.R. Presidents*
14 *Conference v. Noerr Motor Freight, Inc.*, 365 U.S. 127 (1961); *United Mine Workers v.*
15 *Pennington*, 381 U.S. 657 (1965). *See also Tal v. Hogan*, 453 F. 3d 1244, 1260 (10th Cir. 2006)
16 (affirming dismissal of RICO claim based upon *Noerr-Pennington* doctrine). Under the *Noerr-*
17 *Pennington* doctrine, those who petition any department of the government for redress (including
18 litigation before the courts) are generally immune from statutory liability for their petitioning
19 conduct. *Empress LLC v. City & Cnty. of S.F.*, 419 F. 3d 1052, 1056 (9th Cir. 2005). The *Noerr-*
20 *Pennington* doctrine also applies to pre-suit communications between parties prior to the filing of
21 any litigation. *See, e.g. Sosa v. DIRECTV, Inc.*, 437 F. 3d 923, 928 (9th Cir. 2006).

22 In *Sosa v. DIRECTV, Inc.*, the Ninth Circuit applied the *Noerr-Pennington* doctrine and
23 affirmed the dismissal of a RICO suit against DIRECTV based on the predicate acts of mail fraud
24 and extortion. *Id.* at 928. The claims were based on DIRECTV having sent tens of thousands of
25 letters threatening litigation against persons whom DIRECTV had learned had purchased
26 equipment that could be used to pirate satellite TV signals. The Court explained that *Noerr*
27 provides “breathing space” for conduct incidental to prosecution of a suit:

28 Consistent with the breathing space principal, we have recognized that, in the
litigation context, not only petitions sent directly to the court in the course of

litigation, but also conduct incidental to the prosecution of the suit is protected by the Noerr Pennington doctrine. *Id.* at 934-35.

[P]receding the formal filing of litigation with an invitation to engage in negotiations to settle legal claims is a common, if not universal, feature of modern litigation... Restricting such prelitigation conduct when the same demands asserted in a petition to the court is protected would render the entire litigation process more onerous, imposing a substantial burden on a party's ability to seek redress from the courts. *Id.* at 936-37. [E]xtending Noerr-Pennington immunity to litigation-related activities preliminary to the formal filing of the litigation is consistent with the law of the majority of other circuits that have considered this issue. *Id.* at 937.

“[A] patentee must be allowed to make its rights known to a potential infringer so that the [potential licensee] can determine whether to cease its allegedly infringing activities, negotiate a license if one is offered, or decide to run the risk of liability and/or the imposition of an injunction.” *Va. Panel Corp. v. MAC Panel Co.*, 133 F.3d 860, 869 (Fed. Cir. 1997). “Patents would be of little value if infringers of them could not be notified of the consequences of infringement, or proceeded against in the courts. Such action, considered by itself, cannot be said to be illegal.” *Virtue v. Creamery Package Mfg. Co.*, 227 U.S. 8, 37-38 (1913).

Noerr Pennington has limits and does not apply to petitioning activity that, although “ostensibly directed toward influencing governmental action, is a mere sham to cover what is actually nothing more than an attempt to interfere directly with the business relationships of a competitor.” *Globetrotter Software, Inc. v. Elan Computer Grp., Inc.*, 362 F. 3d 1367 (Fed. Cir. 2004). *Globetrotter* establishes that pre-litigation communications are a sham if they are made in “bad faith.” *Id.* at 1375-77. For bad faith to exist, the claims must be “so baseless that no reasonable litigant could realistically expect to secure favorable relief.” *Dominant Semiconductors Snd. Bhd. v. OSRAM GmbH*, 524 F. 3d 1254, 1262 (Fed. Cir. 2008). A litigant cannot be acting in bad faith if it has “probable cause” to institute a lawsuit. *Id.*

B. Inventergy's Negotiations with Sonus are Immune as a Matter of Law under Noerr Pennington

In the instant case, all of the pre-suit communications prior to Sonus' filing of the instant action are protected by the *Noerr-Pennington* doctrine and mandate that Sonus' claims for civil RICO and unfair competition be dismissed.

1 The conduct alleged in the Second Amended Complaint as “predicate act conduct” arises
2 in, or incident to, pre-suit communications concerning Sonus’ infringement of Inventergy’s
3 patents. As Sonus alleges, this suit “aris[es] out of a patent dispute between Sonus and
4 Inventergy” regarding patents that Inventergy acquired from Huawei and Nokia. Second
5 Amended Complaint at ¶ 1, 13-14. “[B]etween August 2013 and January 2015, Sonus conferred
6 with [Inventergy] on numerous occasions – including at least three in-person meetings” and
7 Inventergy has sent “at least 35 emails, (and) participated in at least 10 phone calls with Sonus.”
8 *Id.* at ¶¶ 28 and 75. During the August 2013 licensing discussions, Inventergy provided Sonus
9 with an explanation of its position that Sonus’ products infringe patents acquired by Inventergy.
10 Second Amended Complaint at ¶¶ 50-54. In October 2013, Inventergy provided Sonus an
11 opportunity to present its arguments that it was not infringing Inventergy’s patents. *Id.* at ¶ 55.
12 Several weeks later, Sonus alleges it presented evidence that challenged the validity of the
13 Inventergy patents. *Id.* at ¶ 57. In response during a November 25, 2013 call, Inventergy
14 rebutted Sonus arguments and presented further evidence of Sonus’ infringement of Inventergy
15 patents, including claim charts of certain patents against certain Sonus products. *Id.* at ¶ 57-60.
16 Sonus further alleges that between December 2013 and July 2014, Inventergy continued to
17 contact Sonus about taking a license to its patents, including an in person meeting and providing a
18 proposed license agreement. *Id.* at ¶¶ 61, 66-69. Sonus further alleges that in August 2014,
19 Inventergy provided Sonus with additional claim charts detailing Sonus’ infringement of
20 additional patents. *Id.* at ¶70. On January 10, 2015, Inventergy “provided Sonus with a summary
21 of their position ‘regarding the Sonus products’ infringement of the Inventergy intellectual
22 property.’” *Id.* at ¶ 72. Tellingly, Sonus has not made any claims in any of its original, first, or
23 second amended complaints that any of Inventergy’s patents are invalid. As can be seen, all of
24 the conduct alleged to form the basis for Sonus’ civil RICO claim is derived from pre-suit
25 communications in which Inventergy was merely asserting its rights to claim infringement of its
26 patents against an infringer.

27 Under the *Noerr Pennington* Doctrine, exactly such pre-suit communications are protected
28 speech and not subject to liability under civil RICO or California unfair competition law. As

1 aptly held by the Ninth Circuit in *Sosa*, 437 F. 3d at 934-935: “conduct incidental to the
2 prosecution of the suit is protected by the *Noerr Pennington* doctrine.” Further, “Patents would
3 be of little value if infringers of them could not be notified of the consequences of infringement,
4 or proceeded against in the courts. Such action, considered by itself, cannot be said to be illegal.”
5 *Virtue v. Creamery Package Mfg. Co.*, 227 U.S. at 37-38. Because all of the pre-suit
6 communications from Inventergy are protected speech, they can not constitute the predicate acts
7 for civil Rico and California unfair competition claims. Inventergy lawfully informed Sonus that
8 it is infringing its patents and the two parties engaged in licensing negotiations.

9 **C. Inventergy’s Communications with Sonus were all made in Good Faith**

10 The crux of Sonus’ allegations relating to civil RICO and California unfair competition
11 are that Inventergy failed to offer Sonus or other potential “targets” a RAND license rate for the
12 patents in Inventergy’s portfolio that Sonus and other targets infringe. Sonus’ allegations are
13 without merit. Further, all of Inventergy’s communications with Sonus during the course of the
14 parties’ licensing negotiations were made in good faith.

15 As stated by numerous courts “initial [licensing] offers [for standards essential patents
16 carrying RAND obligations] do not have to be on RAND terms so long as a RAND license
17 eventually issues.” *See Microsoft Corp. v. Motorola, Inc.*, 2013 WL 5373179 (W.D. Wa. Sep. 24,
18 2013); *also see In Re Innovatio IP Ventures, LLC Patent Litigation*, 2013 WL 5593609 (N.D. Ill.
19 Oct. 3, 2013). Plausible infringement claims are all that is necessary, despite alleged RAND
20 obligations of asserted patents. *In Re Innovatio IP Ventures, LLC Patent Litigation*, 921 F. 3d
21 903, 917 (N.D. Ill. 2013); *see also Sosa*, 437 F.3d at 941 (holding there is no legal duty to
22 disclose possible infringement defenses). It is not baseless for a patentee to assert infringement of
23 a patent without disclosing RAND rates. *In Re Innovatio IP Venterus, LLC Patent Litigation*. at
24 915-916. Therefore, even if all of the allegations in the Second Amended Complaint were true,
25 Claim 8 fails to state a claim on which the requested relief can be granted.

26 Moreover, Sonus has not pled facts sufficient to support a claim that Inventergy has
27 withheld or refused to provide licenses based on RAND terms. As the Second Amended
28

1 Complaint acknowledges, not all of the patents are subject to RAND obligations. *See* Second
2 Amended Complaint at ¶ 17 (“several of the patents-in-suit are subject to RAND commitments
3 undertaken by Defendants’ Predecessors before the IMS Standards organizations.”) Nor has
4 Sonus pled a basis to support the conclusion that the license as offered by Inventergy for its patent
5 portfolio, including the patents-in-suit, could be said to violate RAND obligations with respect to
6 a subset of the licensed patents. Sonus has merely offered the conclusory allegation that
7 Inventergy has withheld or refused to provide licenses based on RAND terms. Nor has Sonus
8 pled a necessary pre-condition to a breach of a RAND obligations claim: i.e., a request by Sonus
9 for a license on RAND terms or even a statement by Sonus of what those RAND terms would be.
10 And such bare allegations, even if made, would still not be sufficient to support its claim.

11 A similar unsuccessful allegation was addressed in the case of *In Re Innovatio IP*
12 *Ventures, LLC Patent Litigation*, 921 F. Supp. 2d 903 (N.D. Ill. 2013). The plaintiff argued,
13 similar to Sonus, that the patentee’s failure to offer a RAND license to the patents-in-suit
14 constituted a predicate act under civil RICO because “the manufacturers (alleged infringers)
15 argue that [the patentee’s] licensing campaign was a sham because it asserted
16 infringement...before offering them a RAND license, offered licenses on terms less favorable
17 than RAND terms, and failed to disclose its RAND obligations to the Targets.” *Id.* at 914. The
18 Court disagreed, holding that “the existence of an obligation to license a patent on RAND terms,
19 without more, is not an actual express license providing a defense to infringement.” *Id.* at 915.
20 The Court found for the patentee, holding that plausible claims of infringement were all that was
21 necessary to assert claims of infringement “despite its alleged RAND obligations.” *Id.* at 917.

22 “The court need not ... resolve the effect that *Innovatio*’s alleged RAND commitments
23 have on its infringement claim at this time” as long as infringement allegations were not baseless
24 and brought in bad faith. *Id.* The Court went on to conclude that “the court has not found any
25 cases suggesting that the existence of a RAND commitment provides a complete defense against
26 an infringement lawsuit.” *Id.* at 915-916. Thus, even if the Court accepts Sonus’ allegations that
27 Inventergy did not disclose its RAND obligations, that omission does not render Inventergy’s
28 infringement claims baseless.

1 The facts supporting the holding of *Innovatio* are similar to the current case. As Sonus
2 admits in the Second Amended Complaint, Inventergy presented and provided several claim
3 charts explaining the basis for its infringement allegations. Second Amended Complaint at ¶¶ 59-
4 60, and 70; see also Sobon Dec. at ¶¶ 11 and 12 . While Sonus attempts to dismiss these
5 discussions by alleging it explained that Sonus does not infringe the patents-in-suit, this is
6 immaterial. Moreover, in patent licensing negotiations, parties often disagree about the extent of
7 infringing activity. A patent infringer’s mere protestation of non-infringement cannot
8 automatically render the patent owner’s allegations baseless or bad-faith. *See, e.g.,*
9 *FindTheBest.com, Inc. v. Lumen View Technology LLC*, 20 F. Supp. 3d 451 (S.D. N.Y. 2014);
10 *Deck v. Engineered Laminates*, 349 F.3d 1253, 1258 (10th Cir.2003); *United States v.*
11 *Pendergraft*, 297 F.3d 1198, 1205–08 (11th Cir.2002).

12 Allegations in the Second Amended Complaint further support dismissal of these claims.
13 For example, Sonus inherently admits that certain of its Accused Products are standards
14 compliant, and that certain of Inventergy’s patents read on those standards. *See* Second Amended
15 Complaint at ¶¶ 9-12, 22. Otherwise, Sonus would have no basis for seeking RAND patent
16 licenses if it did not have Accused Products that read on the 3GPP and ITU-T standards. *See Id.*
17 at ¶ 17 (“Several of the patents-in-suit are subject to RAND commitments undertaken by
18 Defendants’ Predecessors before the IMS Standards organizations.”) Indeed, since Sonus’ seeks
19 no declaration that any of the patents-in-suit are invalid, but yet argues that Inventergy failed to
20 properly provide Sonus with a RAND license to such ostensibly infringing Accused Products,
21 Sonus cannot at the same time logically hold that Inventergy’s infringement claims are baseless
22 or brought in bad-faith. Further, Sonus has not pled any specific facts to support any conclusion
23 that the license as offered by Inventergy on the patents-in-suit – that admittedly would include
24 patents NOT subject to RAND obligations – could be found to violate RAND obligations per se
25 with respect to a subset of the licensed patents.

26 Because all the alleged communications between Inventergy and Sonus occurred pre-suit
27 and Inventergy’s assertions of infringement were not baseless, all of the communications are
28

1 protected under *Noerr Pennington*. Therefore, all of Sonus' claims, including Claim 9 (Civil
2 RICO), must be dismissed.

3 **D. Sonus' Allegations of Inventergy's "High Aggression" Litigation**
4 **Tactics and Its Purported Intention to not offer Standards Licenses to**
5 **SEPs as Evidence of Bad Faith are Without Merit.**

6 Whether Inventergy was supposedly implementing high aggression litigation tactics is
7 irrelevant to Sonus' claims (and as further set forth below, is completely belied by the documents
8 Sonus itself cites). In its Second Amended Complaint, Sonus alleges that Inventergy has violated
9 Cal. Bus. & Prof. Code 17200 et seq. by:

10 making affirmative misrepresentations and omissions about the need to take a
11 license to the patent-in-suit, the encumbrances on those patents and the alleged
12 validity and infringement of the patents-in-suit, using fear to extort license fees
13 for amounts to which Inventergy is not entitled, including non-RAND amounts;
14 violations of RICO..., and systematic breach of contract and engaging in broad
15 scheme to obtain license fees for non-RAND amounts.

16 Second Amended Complaint at ¶ 132. However, whether Inventergy implemented some vague
17 form of a "high aggression" litigation tactic does not establish any of these underlying facts.
18 Further, both the actual cited documents and the other facts pled by Sonus contradict that
19 Inventergy has in fact implemented a "high aggression" litigation tactic, least towards Sonus. As
20 Sonus admits, the parties have been in discussions for over 18 months (Second Amended
21 Complaint at ¶ 75, admitting licensing negotiations "between August 2013 and January 2015")
22 and Sonus, not Inventergy, initiated this action. Further, Sonus alleges that Inventergy has
23 identified over 125 potential licensing targets (*Id.* at ¶ 23), yet has only identified one other
24 litigation in which Inventergy has ever been involved (*Id.* at ¶ 23, e.g., the Genband case).

25 Further, Sonus completely mischaracterizes Inventergy's SEC filings, attempting to paint
26 Inventergy as a "patent-troll" only interested in instituting litigation against Sonus. Sonus cites
27 page 18 of Inventergy's March 11, 2015 SEC filing, arguing that Inventergy has admitted to its
28 "high aggression" litigation tactics. However, Sonus' exhibit details that Inventergy was at all
times interested in "business-led, not litigation led" licensing negotiations (Exhibit 2 to Sonus'
Motion for Leave to File Second Amended Complaint, at p. 17) and that litigation is only used
"as necessary to ensure that appropriate value is obtained" (*Id.*). The document emphasizes

1 Inventergy's goal of avoiding litigation by engaging "first in collaborative business discussions as
2 opposed to leading with litigation" (*Id.*).

3 In viewing Sonus exhibit that references "high aggression litigation," it is clear that Sonus
4 has completely and purposefully misrepresented this document to paint an inaccurate picture to
5 support its bad faith theory. For example on the same page that Sonus cites to support its
6 portrayal of Inventergy as an aggressive litigation company, Inventergy has plainly stated that it
7 does not engage in "high aggression" litigation and that it seeks to obtain the "right balance" and
8 the "best total expected value" (*Id.* at p. 18).

9 As alleged by Sonus, Inventergy has in some way admitted that it has failed to disclose
10 RAND obligations to Sonus or is unwilling to offer a RAND license to any SEPs (*See e.g.*,
11 Second Amended Complaint at ¶¶ 6 & 27). But, these allegations are further evidence of Sonus'
12 manipulation of the facts, because none of the materials that Sonus references in its Second
13 Amended Complaint contain any evidence or statements to support those allegations. For
14 example, Sonus alleges a March 7 Inventergy press release promised to honor obligations to
15 license SEPs on RAND terms as to its Panasonic Portfolio. Sonus inexplicably cites that press
16 release as evidence Inventergy is refusing to honor RAND obligations regarding SEPs in the
17 Huawei and Nokia portfolios. But Sonus admits that nothing in that March 9 press release
18 references the Huawei or Nokia portfolios (*Id.* at ¶27). Further, contrary to the allegations, Sonus
19 admits that Inventergy has "stated that it acquires patents 'subject to existing licenses, existing
20 business relationships and standards organizations obligations (including in certain cases, Fair
21 Reasonable and Non-Discriminatory (FRAND) licensing obligations).'" (Second Amended
22 Complaint at ¶ 25). These manipulation of facts seem simply calculated to concoct a false "bad-
23 faith agenda", casting Inventergy as an egregious "patenttroll", with Sonus itself the one saying
24 "nasty things" about Inventergy in litigation.

25 That Inventergy was aware that some of its patents were SEPs and that those patents were
26 declared to ETSI is of no moment. Inventergy has not disclaimed any RAND obligations with
27 respect to declared patents in its IMS/VoIP portfolios and has been open about those obligations
28 (Second Amended Complaint at ¶ 25). And Inventergy has never refused to offer a license on

1 RAND terms for any SEPs. In fact, Sonus has never requested a license to only SEPs that are
2 subject to RAND obligations and the Second Amended Complaint does not allege that Sonus ever
3 requested such a license. Rather, Sonus admits that the potential licenses under discussion
4 between the parties was always for those Inventergy patents relevant to Sonus' products and
5 business, not just patents that were essential to practicing standards (*see, e.g., Id.* at ¶ 25: "During
6 the August 2013 meeting, Inventergy asserted that ... certain Inventergy patents cover
7 Technology used in Sonus' products; *Id.* at ¶ 58: At the November 25, 2013 meeting ...
8 Inventergy alleged that Sonus sells components covered by one or more Inventergy patents).
9 Moreover, during licensing negotiations, the parties discussed that there might be alternative
10 approaches to licensing, including licensing only a portion of the IMS portfolio relevant to Sonus'
11 business.

12 **E. *Noerr-Pennington* also Precludes the State Law Claim for Unfair**
13 **Competition under California Business and Professions Code § 17200**

14 Federal preemption mandates that the *Noerr-Pennington* doctrines apply to Sonus' unfair
15 competition claim brought under California Business and Professions Code § 17200. As
16 explained in *Globetrotter*: Our decision to permit state-law tort liability for only objectively
17 baseless allegations of infringement rests on both federal preemption and the First Amendment
18 the same First Amendment policy reasons that justify the extension of *Noerr* immunity to pre-
19 litigation conduct in the context of federal antitrust law apply equally in the context of state-law
20 tort claims. *Globetrotter*, 362 F. 3d at 1377.

21 As aptly stated by the Court in *In Re Innovatio IP Ventures, LLC Patent Litigation*, 921 F.
22 3d at 913, in finding that the California State unfair competition claim under § 17200 related to
23 pre-suit licensing communications on purported non-RAND terms was also precluded by *Noerr-*
24 *Pennington*: "*Globetrotter* thus requires the application of *Noerr-Pennington* to shield pre-suit
25 communications from state law claims." Similar to the facts of this case, because *Noerr*
26 *Pennington* precludes any liability for Inventergy on Sonus' civil RICO claim, and Sonus' unfair
27 competition claim is based on the same allegedly improper course of conduct as Sonus' civil
28

1 RICO claim, Sonus' unfair competition claim under California Business and Professions Code §
2 17200 is also precluded.

3 Moreover, because Sonus' federal claims (patent and civil RICO) must be dismissed, the
4 Court should further dismiss Sonus' California state law claims for unfair competition, and
5 breach of contract, per 28 U.S.C. § 1367(c)(3). Under that provision, a district court "may
6 decline to exercise supplemental jurisdiction over a claim" if, *inter alia*, "the district court has
7 dismissed all claims over which it has original jurisdiction." "In the usual case in which all
8 federal-law claims are eliminated before trial, the balance of factors will point toward declining to
9 exercise jurisdiction over the remaining state-law claims." *Executive Software N Am. V. United*
10 *States District Court*, 24 F. 3d 1545, 1553 n. 4 (9th Cir. 1994). Similar to the current case,
11 because Sonus' federal claims for Declaratory Judgment of Non-Infringement and civil RICO
12 should be dismissed, the Court should decline to exercise supplemental jurisdiction not only over
13 the California unfair competition claim, but the breach of contract claim as well, discussed *infra*.

14 **F. The Complaint Further Fails to Allege Facts Sufficient to Support**
15 **Predicate Acts of Mail Fraud, Wire Fraud, Extortion, and California**
16 **Unfair Competition**

17 Moreover, even assuming *arguendo* that the Court does not dismiss Sonus' civil RICO and
18 California unfair competition claims under *Noerr Pennington*, Sonus has also failed to state a
19 claim under *Twombly*. See *Bell Atl. Corp. v. Twombly*, 550 U.S. 544 (2007). *Twombly* mandates
20 that a RICO plaintiff do more than provide "labels and conclusions, and a formulaic recitation of
21 the elements of a cause of action." *Id.* at 555.

22 **1. Sonus has Failed to Plead a Plausible Pattern of Racketeering**
23 **Activity**

24 Civil RICO is intended to prevent criminal activity from infiltrating legitimate businesses.
25 That statute is aimed at patterns of racketeering activity and therefore requires criminal "predicate
26 acts." The plaintiff must show that the predicates are related, and that they amount to or pose a
27 threat of continued criminal activity. *H.J., Inc. v. Nw. Bell Tel. Co.*, 492 U.S. 229, 239 (1989). In
28 this case, Sonus has alleged only formulaic recitals of predicate acts of mail fraud, wire fraud, and
extortion under both federal and state law (described in detail *infra*).

2. Sonus' Allegations that Inventergy Committed Both Mail and Wire Fraud is Plead Woefully Inadequately

A wire fraud violation consists of (1) the formation of a scheme or artifice to defraud; (2) use of the United States wires or causing a use of the United States wires in furtherance of the scheme; and (3) specific intent to deceive or fraud. *Odom v. Microsoft Corp*, 486 F. 3d 541, 554 (9th Cir. 2008); 18 U.S.C. § 1343. Mail fraud differs only in that it involves the use of the United States' mails rather than wires. *See Schreiber Distributing v. Serv-Well Furniture*, 806 F. 2d 1393, 1400 (9th Cir. 1986) *also see* 18 U.S.C. § 1341. The requirement of specific intent under these statutes is satisfied by "the existence of a scheme which was reasonably calculated to deceive persons of ordinary prudence and comprehension" and this intention is shown by examining the scheme itself. *Schreiber Distributing*, 806 F. 2d at 1400. Federal Rule of Civil Procedure 9(b) requires that fraud be pled with particularity. Rule 9(b) "requires the identification of the circumstances constituting fraud so that the defendant can prepare an adequate answer from the allegations." *Odom*, 486 F. 3d at 554. Mail and wire fraud require particularized allegations of the factual circumstances of the fraud itself. *Id.* Rule 9(b) "requires that the pleadings contain explicit rather than implied expression of the circumstances constituting fraud." *Exergen Corp v. Wal-Mart Stores, Inc.*, 575 F. 3d 1312, 1327 (Fed. Cir. 2009). Specifically, "Rule 9(b) requires identification of the specific who, what, when, where, and how of the material misrepresentation or omission." *Id.*

Sonus' bald allegations in its complaint for what constitutes both mail and wire fraud in this case are woefully inadequate, and even if accepted as true, fail to show that Inventergy engaged in any unlawful activity at all. As the Supreme Court has stated: "Patents would be of little value if infringers of them could not be notified of the consequences of infringement, or proceeded against in the courts. Such action, considered by itself, cannot be said to be illegal." *Virtue v. Creamery Package Mfg. Co.*, 227 U.S. 8, 37-38 (1913). For example, in describing the purported predicate acts at Paragraph 143 of Sonus' Second Amended Complaint regarding wire and mail fraud, Sonus fails to even identify what supposed "false and misleading" information Inventergy purportedly provided or failed to provide to any targets, including Sonus. Moreover,

1 the fact that Inventergy requested Sonus take a license to its patents, including the patents-in-suit,
2 hardly constitutes either mail and wire fraud, especially considering the fact that Sonus has not
3 sought declaratory judgment of invalidity of any of the patents.

4 Further, Sonus readily states that only some of the patents within Inventergy's portfolio
5 are standards related (see Second Amended Complaint at ¶ 17), undermining any argument that
6 Inventergy somehow failed to offer Sonus RAND patent licensing offers as to all of the patents-
7 in-suit, not all of which are SEPs. Moreover, "initial offers do not have to be on RAND terms"
8 even for patents that are standards complaint and subject to RAND obligations. There simply is
9 no specific pleading by Sonus that would constitute either wire or mail fraud, even accepting
10 Sonus' allegations as true. At best, Sonus has alleged that Inventergy was asking for an excessive
11 amount of money for its entire IMS portfolio. However, even with RAND commitments, such an
12 allegation, even if true, cannot amount to wire fraud or extortion. Where the underlying act of
13 making a good-faith infringement assertion and requesting a license (even without, arguendo,
14 disclosing RAND obligations) is not a violation of any law and is condoned by the law, such
15 activity cannot be the basis for alleging criminal activity.

16 Sonus also has failed to provide sufficient detail by failing to identify any "other targets"
17 to whom Inventergy has allegedly provided "false and misleading information." Sonus cannot
18 claim that Inventergy provided "false and misleading information" to Sonus or anyone else
19 without identifying exactly what that false and misleading information is.

20 Further, to constitute a RICO predicate act, a pleading of wire fraud or mail fraud must
21 plausibly allege reliance on the misrepresentations at issue. *In Re Actimmune Marketing*
22 *Litigation*, 641 F. Supp. 2d 1037, 1052 (N.D. Cal. 2009). Because a plaintiff must show that he is
23 "injured in his business or property by reason of" a pattern of mail or wire fraud, reliance is an
24 essential part of demonstrating causation between a defendant's misrepresentations and the
25 plaintiff's injury. *Id.*; also see 18 U.S.C. § 1964(c). "In most cases, the plaintiff will not be able
26 to establish even but-for causation if no one relied on the misrepresentation ... In addition, the
27 complete absence of reliance may prevent the plaintiff from establishing proximate cause."
28 *Bridge v. Phoenix Bond & Indem. Co.*, 128 S. Ct. 2131, 2144 (2008). Nowhere in Sonus'

1 complaint do they allege at all how they in fact relied on any purported misrepresentations made
2 by Inventergy. Any argument by Sonus that their reliance on Inventergy's representations to
3 enter into licensing negotiations somehow constitutes reliance for either mail fraud or wire fraud
4 is without merit because Inventergy has the lawful right to assert infringement against entities that
5 Inventergy has a good faith basis for believing infringes its patents, and in any case the parties
6 have not entered into any sort of licensing arrangement as yet. *Va. Panel Corp.*, 133 F.3d at 869.

7 **3. Sonus' Allegations that Inventergy Committed Extortion as a**
8 **Predicate Act Is Also Woefully Inadequate**

9 Extortion is "the obtaining of property from another, with his consent, induced by
10 wrongful use of actual or threatened force, violence, or fear, or under color of official right."
11 *Sosa*, 437 F. 3d at 939; 18 U.S.C. § 1951. California's extortion statute likewise requires "the
12 wrongful use of ... fear" and does not apply to fear caused by the threat of litigation. *Sosa*, 437 F.
13 3d at 939, interpreting Cal. Penal Code § 518.

14 Sonus claims Inventergy committed extortion under 18 U.S.C. § 1951 and Cal. Penal
15 Code § 518 by the use of "fear and extortion using the alleged legitimacy of Inventergy's patent
16 rights". *See* Second Amended Complaint at ¶ 144. However, even taking all of the facts as pled
17 by Sonus to be true, they are insufficient to establish that any violation of these laws occurred.
18 First, in the Second Amended Complaint (*see* ¶¶ 9-12, 22) Sonus admits that they adhere to the
19 IMS standards and that they are therefore beneficiaries of the rights under the IPR policies,
20 admitting that Sonus in fact practices the infringing claims. Therefore, under the Second
21 Amended Complaint, the predicate act allegations of extortion must fail because the claims made
22 by Inventergy are "claims of right." Inventergy's efforts to obtain licenses amount to seeking
23 something Inventergy is entitled to pursue – licenses to its valid patents. In other words, the
24 alleged extortion is not "wrongful" because Inventergy has a statutory right to seek royalties. The
25 Federal Circuit has held in the analysis of whether extortion is a predicate act to a civil RICO
26 claim, "a defendant is not guilty of extortion if he has a lawful claim to the property obtained."
27 *Brokerage Concepts v. United States Healthcare*, 140 F. 3d 494 (Fed. Cir. 1998).
28

1 Further, there is no allegation that Sonus lost any property that they were entitled to – a
2 requirement for proving a predicate act of extortion in the civil RICO context. *See* Second
3 Amended Complaint at ¶ 143. As explained in *Scheidler v. Nat’l Org. for Women, Inc.*, 537 U.S.
4 393, 404-05 (2003), in denying extortion as a predicate act under civil RICO, the Supreme Court
5 held: “Petitioners may have deprived or sought to deprive respondents of their alleged property
6 right of exclusive control of their business assets, but they did not acquire any such property.
7 Petitioners neither pursued nor received “something of value” from respondents that they could
8 exercise, transfer, or sell.” Moreover, Sonus did not experience the required legitimate fear. *See*
9 Second Amended Complaint at ¶¶ 132 and 144. The threat of a costly lawsuit, or a party merely
10 alleging its rights to patents it duly owns and requesting to be paid a license, does not rise to a
11 relevant level of “fear” required under an extortion predicate offence under civil RICO. *Sosa*, 437
12 F. 3d at 939. Further, Inventergy’s claim of right defense would only be inapplicable if Sonus had
13 a “preexisting right to be free of the fear he is quelling in return for his payment to the
14 defendant.” *Id.* at 525. There is no statutory immunity for users of patents rights to be free of
15 fear from infringement claims. *See Universal Manufacturing Co. v. Douglas Press, Inc.*, 1991
16 WL 83156, at *2 (N.D. Ill. May 8, 1991); *also see HTC Swed. AB v. Innovatech Prods. & Equip.*
17 *Co.*, 2008 WL 4510710 (E.D. Tenn. Sep. 30, 1998). The civil RICO claim based on predicate
18 acts of extortion fail as a matter of law.

19 **G. The Complaint Fails to State a Claim for Unfair Competition under**
20 **California Business and Professions Code § 17200**

21 In its eighth cause of action, Sonus has also failed to state a claim upon which relief can
22 be granted for its claim for Unfair Competition under California Business and Professions Code §
23 17200. For conduct to constitute unfair competition, that conduct must be either “unlawful, or
24 unfair, or fraudulent.” *Cel-Tech Communications v. La Cellular*, 83 Cal. Rptr. 2d 548, 560
25 (1999). Unfair competition includes “anything that can properly be called a business practice and
26 that at the same time is forbidden by law.” *Id.*

27 The purported conduct of Inventergy comprising unfair competition includes (1) alleged
28 misrepresentations to Sonus regarding the need to take a license; (2) purported failure by

1 Inventergy to disclose encumbrances on those patents and the alleged validity and infringement of
2 the patents-in-suit; (3) using fear to extort license fees for which Inventergy is not entitled,
3 including non-RAND amounts; (4) violations of RICO; and (5) breach of contract. Second
4 Amended Complaint at ¶ 132.

5 Regarding point 1, Inventergy never made any misrepresentations to Sonus regarding the
6 need to take a license. In fact, Inventergy had a good faith basis that Sonus was infringing its
7 patents, even providing Sonus with claim charts evidencing such infringement. Sonus, in fact,
8 admits that certain of the Accused Products implement IMS standards, and that certain of the
9 patents-in-suit are standards relevant. As held by the Federal Circuit, “[A] patentee must be
10 allowed to make its rights known to a potential infringer so that the [potential licensee] can
11 determine whether to cease its allegedly infringing activities, negotiate a license if one is offered,
12 or decide to run the risk of liability and/or the imposition of an injunction.” *Va. Panel Corp.*, 133
13 F.3d at 869. Inventergy’s statements to Sonus of its need to take a license to Inventergy’s
14 portfolio were not baseless. Regarding point 2, plausible claims of infringement are all that is
15 necessary to assert claims of infringement, despite alleged RAND obligations of asserted patents.
16 *In Re Innovatio IP Ventures, LLC Patent Litigation*, 921 F. 3d 903, 917 (N.D. Ill. 2013). While
17 Sonus may claim that alleged RAND obligations were somehow withheld, this is negated by the
18 fact that Inventergy indicated during negotiations that certain of its patents were standards
19 relevant. (Sobon Dec. at ¶¶ 8 and 11). But even if Sonus’ allegation were correct and Inventergy
20 had not disclosed its RAND obligations, because Inventergy’s communications are protected
21 under *Noerr Pennington* Doctrine, such exchanges cannot be found to be the basis for an unfair
22 competition claim. For the reasons discussed *supra*, as to Point 3, Inventergy did not engage in
23 any predicate act of extortion, nor did Inventergy violate civil RICO for Point 4. Moreover, for
24 the reasons discussed *infra*, Inventergy has not breached any contract.

25 **H. The Complaint Fails to State a Claim for Breach of Contract**

26 Sonus has failed to state a claim for breach of contract because, as plead, Sonus has not
27 shown that what Inventergy offered to Sonus during licensing negotiations for the entire
28

1 Inventergy patent portfolio violated any RAND licensing obligations that Inventergy might have
2 on a subset of that portfolio that might include standards essential patents. Even if the terms of
3 the SEP contracts as alleged in the Second Amended Complaint apply to some patents in the
4 Inventergy portfolio, those terms do not extend to patents that are not subject to RAND
5 obligations. Therefore any contract that Sonus might have identified with specificity in the
6 Second Amended Complaint still fails to address the facts of the actual licensing negotiation
7 between Inventergy and Sonus. Mr. Sobon never in any of communications with Mr. Snider or
8 anyone at Sonus, suggested or explicitly disavowed any obligation that if any of our patents are
9 truly standards-essential, that those come with certain FRAND obligations, nor that if Sonus ever
10 requested a license simply to any such SEPs, we would not have begun negotiations on such a
11 license. (Sobon Decl. at ¶ 18.) Reference to the March 9, 2015 press release as further evidence
12 of a breach of contractual commitments is an irrelevant red herring. Allegations that
13 Inventergy's press release regarding its Panasonic Portfolio and statements regarding SEP
14 licenses on RAND terms does not mean that Inventergy refused to honor RAND obligations
15 regarding SEPs in the Huawei and Nokia portfolios.

16 That Inventergy was aware some of its patents were SEPs and those patents were declared
17 to ETSI is of no moment, and certainly does not constitute a breach of contract. Inventergy has
18 not disclaimed any RAND obligations with respect to declared patents in its IMS/VoIP portfolios
19 and has been open about those obligations (Sobon Decl. at ¶ 17; Second Amended Complaint at ¶
20 25). And Inventergy has never refused to offer a license on RAND terms for any SEPs (Sobon
21 Decl. at ¶ 17). In fact, Sonus has never requested a license to only SEPs that are subject to
22 RAND obligations (Sobon Decl. at ¶ 17) and Sonus does not allege that it ever requested a
23 license to only the SEPs, moreover where such request was refused. Rather, the license under
24 discussion between the parties was at all times for all patents Inventergy owns relevant to Sonus'
25 products and business, not just patents that were essential to practicing standards (*see, e.g., Id.* at
26 ¶ 25: "During the August 2013 meeting, Inventergy asserted that ... certain Inventergy patents
27 cover Technology used in Sonus' products; *Id.* at ¶ 58: At the November 25, 2013 meeting ...
28 Inventergy alleged that Sonus sells components covered by one or more Inventergy patents).

1 Further, during licensing negotiations, the parties discussed that there might be alternative
2 approaches to licensing, including licensing only a portion of the IMS portfolio relevant to Sonus'
3 business.

4 Finally, to the extent that Sonus argues that Inventergy's failure to offer a RAND license
5 constitutes a breach of contract that Inventergy's predecessors made with 3GPP and ITU-T that
6 Sonus can assert on behalf of 3GPP and ITU-T as a third-party beneficiary, "initial offers do not
7 have to be on RAND terms so long as a RAND license eventually issues." *See Microsoft Corp. v.*
8 *Motorola, Inc.*, 2013 WL 5373179 (W.D. Wa. Sep. 24, 2013).

9 **IV. IN THE ALTERNATIVE, THE COURT SHOULD TRANSFER THIS**
10 **ACTION UNDER 28 U.S.C. § 1404(A)**

11 For efficiency and judicial economy, even if the Court finds that there is subject matter
12 jurisdiction and declines to exercise its discretion and dismiss, the Court should transfer Sonus'
13 complete action to the District of Massachusetts. In preemptive declaratory judgment actions,
14 such as is the case here, the Court need not give deference to the first filed rule especially where,
15 as in this case, there are compelling reasons to transfer the first filed action. Moreover, for the
16 reasons discussed *infra*, Sonus' claims for civil RICO, unfair competition, and breach of contract
17 should be dismissed by the Court for failure to state a claim upon which relief can be granted and
18 the transfer analysis should not be affected by the gamesmanship engaged in by Sonus to assert
19 civil RICO and state law claims in an attempt to persuade the Court to keep the case in this Court.

20 **A. The Northern District of California is an Inconvenient Forum and this**
21 **Action Should be Transferred to the District of Massachusetts**

22 28 U.S.C. § 1404(a) provides: "For the convenience of parties and witnesses, in the
23 interest of justice, a district court may transfer any civil action to any other district or division
24 where it might have been brought." The first filed rule analysis parallels transfer of venue under
25 28 U.S.C. § 1404(a). *Genentech, Inc. v. Eli Lilly & Co.*, 998 F. 2d 931, 937-938 (Fed. Cir. 1993).

26 As a threshold matter, Inventergy had numerous contacts with the District of
27 Massachusetts during the course of the parties licensing negotiations. There were three in-person
28 meetings at Sonus' headquarters in Massachusetts, as well as numerous telephone calls directly
related to this action. There were no in-person meetings other than at the offices of Sonus in

1 Massachusetts. The extent of these contacts warrants the District of Massachusetts exercising
2 specific jurisdiction over Inventergy in an action filed by Sonus in Massachusetts. *See, e.g.,*
3 *Schwarzenegger v. Fred Martin Motor Co.*, 374 F. 3d 797, 802 (9th Cir. 2004).

4 While the general rule favors the forum of the first-filed action, whether or not it is a
5 declaratory judgment action, trial courts have discretion to make exceptions to this general rule in
6 the interest of justice or expediency, as in any issue of choice of forum. *Micron Technology, Inc.*
7 *v. Mosaid Technologies*, 518 F. 3d 897, 904 (Fed. Cir. 2008), *citing Genentech*, 998 F.2d at 937.
8 These exceptions are not rare. *Id.* First, a district court may consider a party's intention to preempt
9 another's infringement suit when ruling on the dismissal of a declaratory action. And that
10 consideration is merely one factor in the analysis. *Id.* at 938. Other factors include: the
11 convenience and availability of witnesses; the absence of jurisdiction over all necessary or
12 desirable parties; and the possibility of consolidation with related litigation. *Id.* “[T]he
13 considerations affecting transfer to or dismissal in favor of another forum do not change simply
14 because the first-filed action is a declaratory action.” *Id.* The first-filed suit rule, for instance,
15 will not always yield the most convenient and suitable forum. Therefore, the trial court that is
16 weighing jurisdiction additionally must consider the real underlying dispute: the convenience and
17 suitability of competing forums. *Id.*

18 In addition to the factors identified in 28 U.S.C. § 1404(a), the Ninth Circuit has
19 articulated both private and public factors that the Court may consider. Private factors relevant to
20 this case include the “relative ease of access to sources of proof; availability of compulsory
21 process for attendance of unwilling witnesses, and the cost of obtaining attendance of willing
22 witnesses; . . . and all other practical problems that make trial of a case easy, expeditious and
23 inexpensive.” *Decker Coal Co. v. Commonwealth Edison Co.*, 805 F.2d 834, 843 (9th Cir.
24 1986). Public factors relevant to this case include “the administrative difficulties flowing from
25 court congestion; the ‘local interest in having localized controversies decided at home’; . . . and
26 the unfairness of burdening citizens in an unrelated forum with jury duty.” *Id.*; *Jones v. GNC*
27 *Franchising, Inc.*, 211 F.3d 495, 498-99 (9th Cir. 2000).

B. The District of Massachusetts is the Most Convenient Forum

The majority of relevant facts as applied to the private and public factors show that this action should be transferred to the District of Massachusetts. These facts include:

- All three in-person meetings between Inventergy and Sonus occurred at Sonus' facilities in Westford, Massachusetts within the District of Massachusetts, and there have been no in-person meetings in California (Sobon Dec. at ¶15);
- Sonus has argued that some employees reside in this District, but the majority of necessary witnesses to this action reside in the District of Massachusetts. For example, on information and belief, the majority of relevant technical staff of Sonus are located at or near the Sonus facilities in Westford, Massachusetts. Depositions will likely take place in the District of Massachusetts, and most of the relevant documents from Sonus will likely be located in the District of Massachusetts (and at least more likely to be located in the District of Massachusetts than the Northern District of California);
- Sonus also has technical staff in England; if any of these individuals are needed to provide testimony it will be more convenient for these witnesses to attend depositions and court proceedings in the District of Massachusetts than the Northern District of California;
- The NDA was executed at Sonus' facilities in Westford, Massachusetts (Sobon Dec. at ¶ 12);
- Ease of access to Sonus' evidence is more readily accessible in the District of Massachusetts, as this is Sonus' principal place of business. While Inventergy's files will also be relevant, the main evidence from Inventergy will be its patent files, prosecution histories, etc. most of which are easily accessible on-line and are publicly available;
- Inventergy will make available for compulsory service of process all Inventergy employees in the District of Massachusetts (Sobon Dec. at ¶ 19);
- The District Court in Massachusetts has jurisdiction over both parties;
- In FY2014, Northern District of California Judges had a significantly higher workload, as compared to District of Massachusetts Judges. There were 593 Weighted Filings per Judgeship in the Northern District of California, as compared to 378 Weighted Filings per Judgeship in the District of Massachusetts.³
(<http://www.uscourts.gov/Statistics/FederalCourtManagementStatistics/district-courts-september-2014.aspx>)
- Based on these statistics, the workload for Judges in the Northern District of California is 56.8% greater than the workload for Judges in the District of Massachusetts.

Some of the Facts are Neutral:

- Both the District of Massachusetts and the Northern District of California have local patent rules which will streamline the handling of this case;
- Median Time from Filing to Trial in the District of Massachusetts = 27.3 Months
(<http://www.uscourts.gov/Statistics.aspx>)

³ Definition of Weighted Filings: Weighted filings statistics account for the different amounts of time required to resolve various civil and criminal actions. Average civil cases or criminal defendants each receive a weight of approximately 1.0; for more time-consuming cases, higher weights are assessed (e.g., a death-penalty habeas corpus case is assigned a weight of 12.89); and cases demanding relatively little time from judges receive lower weights (e.g., an overpayment and recovery cost case involving a defaulted student loan is assigned a weight of 0.10).

- Median Time from Filing to Trial in the Northern District of California = 30.9 Months (<http://www.uscourts.gov/Statistics.aspx>)

Sole Fact Not in Support of Transfer:

- Inventergy's principal place of business is in the Northern District of California (Sobon Dec. at ¶ 20).

These facts are relevant to the private and public factors, and they clearly indicate that if the Court finds that it has subject matter jurisdiction, the action should be transferred to the District of Massachusetts. Although Sonus filed first in this Court, the facts overwhelmingly overcome the presumption and preference for the first filed forum. The most convenient and suitable forum to hear this action is the District of Massachusetts. For the reasons discussed *infra* in Section III, Sonus' claims for civil RICO, unfair competition, and breach of contract should be dismissed by the Court for failure to state a claim upon which relief can be granted and the transfer analysis should not be affected by the gamesmanship engaged in by Sonus to assert civil RICO and state law claims in an attempt to persuade the Court to keep the case in this Court.

V. CONCLUSION

Counts 1 – 7 of Sonus' Second Amended Complaint must be dismissed for lack of subject matter jurisdiction, and Counts 8 – 10 of Sonus' Second Amended Complaint must be dismissed for failure to state a claim upon which relief can be granted. In the alternative, the Northern District of California is an inconvenient forum under 28 U.S.C. § 1404. When the Court considers the private and public factors, the instant case should be transferred to the District of Massachusetts if it is not dismissed.

Dated: May 29, 2015

Respectfully submitted,

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By: /s/Chris L. Holm

Chris L. Holm

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and Inventergy, Global, Inc.

CERTIFICATE OF SERVICE

The undersigned certifies that on August 3, 2015, the foregoing document was electronically filed with the Clerk of the Court for the United States District Court, Northern District of California, using the Court's Electronic Case Filing (ECF) system. The ECF system routinely sends a "Notice of Electronic Filing" to all attorneys of record who have consented to accept this notice of this document by electronic means.

Dated: August 3, 2015

NOVAK DRUCE COLLONNLY BOVE +QUIGG

By: /s/AJ Cruickshank

AJ Cruickshank